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C.I.A. Denies Official Link to Ex-A

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WASHINGTON, Feb. 2 — William J. Casey, the Director of Central Intelligence, told the House Select Committee on Intelligence today that the C.I.A. had tentatively concluded that the agency had no official involvement in the Libyan activities of two former agents, Edward P. Wilson and Frank E. Terpil, according to Congressional sources.

Mr. Casey also told the closed hearing, the sources said, that the agency shared the committee's concerns about preventing future misuse of intelligence expertise and information as well as insuring the adequacy of internal agency controls.

Mr. Wilson and Mr. Terpil were indicted in 1980 on charges of exporting explosives to Libya and, with other former intelligence and military personnel, have been linked to the training of terrorists and the transfer abroad of advanced military equipment and expertise. Both men are fugitives; Mr. Wilson lives in Libya and Mr. Terpil is believed to be somewhere in the Middle East.

Much of today's hearing focused on possible legislative and administrative remedies that, if enacted, could significantly curtail the export of intelligence expertise and tighten disclosure and registration requirements for Americans working for foreign governments, according to these sources.

In his testimony before the committee, Mr. Casey said the agency, after a long internal investigation begun last July after press disclosures about the case, had reached these tentative conclusions:

¶ There was no official contact by the agency with Mr. Wilson and Mr. Terpil after their original indictment in 1980.

¶ The agency had no official involvement in Libyan terrorist training.

¶ There was no official agency involvement in the recruiting of members of the Army Special Forces to help train Libyans.

While Mr. Casey's testimony in some respects echoed earlier agency denials of official complicity, it also reflected a new willingness to address questions surrounding the agency's ability to police its employees and their outside activities.

¶ While Mr. Casey told the committee that the agency was revising its internal code of conduct as a result of the Wilson-Terpil affair, he seemed to favor legislative remedies as a solution rather than, for example, changes in the C.I.A.'s employment contract, sources say.

Queries on Ties to Aides

Committee members, most of whom attended the three-hour hearing, addressed a wide range of questions to Mr. Casey covering most aspects of the Wilson-Terpil affair. Representative Edward P. Boland, Democrat of Massachusetts, who is chairman of the committee, said afterward that Mr. Casey and the agency now seemed to have a good grip on the facts in the case, although Mr. Wilson's activities were first brought to the agency's attention in 1976.

Some committee members were interested in the relationship between Mr. Wilson and some senior agency employees who maintained contact and had business relationships with Mr. Wilson in 1977 and 1978, but Mr. Casey was apparently unable to shed any new light on this matter.

Most of the discussion, according to Congressional sources, focused on ways

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Among the legislative solutions being discussed were these:

¶ Amending the laws governing registration of foreign agents to cover people working for foreign governments on intelligence matters.

¶ Amending export control laws to minimize the export of intelligence expertise.

¶ Requiring intelligence employees to register after leaving the United States Government if they go to work for a foreign country.

¶ Prohibiting certain kinds of private employment for Government intelligence agents; especially when retained by foreign governments that support terrorism.

Working with Mr. Casey on the question of possible legislative remedies will be Stanley Sporkin, the agency general counsel, who accompanied Mr. Casey to the hearing.

Two members of the intelligence committee interested in legislative remedies, Representative Albert Gore Jr., Democrat of Tennessee, and Representative Norman Mazzoli, Democrat of Kentucky, both said that any legislation would have to be designed so as not to impinge on various constitutional rights.

Mr. Mazzoli said that while he was disturbed about the revelations of the Libyan activities of the two former agents, his questions to Mr. Casey looked more to the future, asking for the agency to "give us their wisdom on how to eliminate or stop this kind of practice."

Mr. Gore said he thought that the agency had been "blinded" in its analysis of Iran under the deposed Shah Mohammed Riza Pahlavi and Libya in part because of close ties between former agency personnel and the two countries. The Tennessee Democrat said he intended to propose legislation requiring members of the intelligence community to agree not to work for a foreign government after their stint as intelligence agents.

